

**REPORT OF THE AUDIT OF THE
BOYLE COUNTY
CLERK**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary,
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Tony Wilder, Boyle County Judge/Executive
Honorable Denise B. Curtsinger, Boyle County Clerk
Members of the Boyle County Fiscal Court

The enclosed report prepared by Potter & Company, LLP, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Boyle County, Kentucky, for the year ended December 31, 2001.

We engaged Potter & Company, LLP, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Potter & Company, LLP, evaluated the Boyle County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY
CLERK**

**FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT**

Calendar Year 2001

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOYLE COUNTY CLERK

Calendar Year 2001

Potter & Company, LLP has completed the Boyle County Clerk's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$68 from the prior calendar year, resulting in excess fees of \$196,916 as of December 31, 2001. Revenues increased by \$421,729 from the prior year and disbursements increased by \$421,661.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK

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INDEPENDENT AUDITOR'S REPORT

To the People of Kentucky

Honorable Paul E. Patton, Governor
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and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Tony Wilder, Boyle County Judge/Executive
Honorable Denise B. Curtsinger, Boyle County Clerk
Members of the Boyle County Fiscal Court

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Boyle County, Kentucky (County Clerk), for the year ended December 31, 2001. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2001, in conformity with the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Potter & Company, LLP

POTTER & COMPANY, LLP
May 22, 2002

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES
Calendar Year 2001

Receipts

State Fees for Services		\$	17,601
Fiscal Court			3,926
Licenses and Taxes:			
Motor Vehicle -			
Licenses and Transfers	\$	608,860	
Usage Tax		3,238,650	
Tangible Personal Property Tax		1,666,211	
Licenses -			
Fish and Game		7,575	
Marriage		7,970	
Petitions		1,050	
Deed Transfer Tax		71,701	
Delinquent Tax		<u>207,887</u>	5,809,904
Fees Collected for Services:			
Recording -			
Deeds, Easements, and Contracts		15,005	
Real Estate Mortgages		49,830	
Chattel Mortgages and Financing Statements		64,570	
Powers of Attorney		3,044	
All Other Recordings		37,161	
Charges for Other Services -			
Copywork		9,633	
Postage		<u>1,598</u>	180,841
Other:			
Refunds/Misc/Corrections		48,139	
Return Checks		<u>7,326</u>	55,465
Interest Earned			<u>7,569</u>
Gross Receipts			\$ <u>6,075,306</u>

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES (CONTINUED)
Calendar Year 2001

Disbursements

Payments to State:

Motor Vehicle -

Licenses and Transfers \$ 444,699

Usage Tax 3,141,448

Tangible Personal Property Tax 635,525

Licenses, Taxes, and Fees -

Fish and Game 7,231

Petitions 630

Delinquent Tax 29,158

Legal Process Tax 22,614 \$ 4,281,305

Payments to Fiscal Court:

Tangible Personal Property Tax 83,845

Delinquent Tax 11,841

Deed Transfer Tax 68,116 163,802

Payments to Other Districts:

Tangible Personal Property Tax 877,682

Delinquent Tax 119,656 997,338

Payments to Sheriff

1,420

Payments to County Attorney

30,940

Operating Disbursements and Capital Outlay:

Personnel Services -

Deputies' Salaries 184,933

Part-Time Salaries 10,240

Employee Benefits -

Employer's Paid Health Insurance 640

Contracted Services -

Software Contracts 15,801

Advertising 377

Printing and Binding 8,165

Computers 130

Materials and Supplies -

Office Supplies 16,957

Other Charges -

Conventions and Travel 252

Dues 950

Postage 6,053

Refunds 53,511

Miscellaneous 227

Uncollected Returned Checks 8,565

Capital Outlay -

Office Equipment 27,499 334,300

Total Disbursements

\$ 5,809,105

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND EXCESS FEES (CONTINUED)
Calendar Year 2001

Net Receipts	\$ 266,201
Statutory Maximum	<u>(65,685)</u>
Excess Fees	200,516
Expense Allowance	<u>(3,600)</u>
Excess Fees Due County for Calendar Year 2001	196,916
Payments to County Treasurer	<u>(196,916)</u>
Balance Due At Completion of Audit	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statement.

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK
NOTES TO FINANCIAL STATEMENT
December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting:

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

Basis of Accounting:

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

Cash and Investments:

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.00 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

BOYLE COUNTY, KENTUCKY
DENISE B. CURTSINGER, COUNTY CLERK
NOTES TO FINANCIAL STATEMENT
December 31, 2001

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

NOTE 3 – DEPOSITS

The County Clerk maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements have been met, and as of December 31, 2001, the County Clerk's deposits are fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which names the County Clerk as beneficiary/obligee on the bond.

NOTE 4 - LEASE

The office of the County Clerk committed to a \$20,400, four-year lease agreement with Software Management for a software package in December 1999. The agreement is automatically renewed on an annual basis and requires a monthly payment of \$425. As of December 31, 2001, \$5,125 has been paid and \$9,750 remains to be paid in future years.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the People of Kentucky

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We have audited the statement of receipts, disbursements, and excess fees of the Boyle County Clerk for the year ended December 31, 2001, and have issued our report thereon dated May 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Boyle County Clerk's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boyle County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Auditor of Public Accounts and is not intended to be and should not be used by anyone other than the specified parties.



POTTER & COMPANY, LLP
May 22, 2002

